World Trade Situation and Policy Updates

Poland Reduces Import Duties on U.S. Almonds, Wine and Grapefruit

On September 6, 2002, as part of the June 2001 Bilateral Trade Agreement between the United States and Poland, the Polish government officially implemented reductions of import duties on U.S. almonds, wine, and grapefruit. The two sides also agreed to review regularly tariff differentials that penalize U.S. exporters as Poland implements tariff reductions consistent with its continuing efforts to join the European Union (EU). The tariff rate for almonds was lowered from 16 percent to 5.6 percent for in shell and from 16 percent to 3.5 percent for shelled almonds. According to the Polish Central Statistical Office, Poland imported 846 metric tons of almonds in calendar year 2001 worth approximately $2.4 million. The import duty assessed on U.S. grapefruit dropped from 15 percent to 5 percent. This duty reduction is expected to encourage higher U.S. exports of grapefruit to Poland. The import duty on wine dropped from 30 percent to 20 percent and this reduction is expected to help offset recent weakness in wine sales to Poland. Prior to the tariff reduction, strong price competition from countries utilizing preferential customs duty terms--EU at 0 percent and Israel and Turkey at 5 percent--hampered U.S. exports to Poland.

This Year's U.S. Tomatoes For Processing Crop Expected To Be The Second Highest Ever

The U.S. processed tomato industry is set to cash in on the global downturn in industrial tomato output with the crop being harvested in California, the world's largest grower, officially forecast to soar to 9.7 million metric tons in 2002, up 25 percent from last year's 7.8 million tons. During the last few weeks, unrelenting rains have hit Italy and Greece, major world exporters of industrial tomato output, that have caused the tomatoes on the ground to become rotten and split open. The Italian government has declared a state of disaster in its northern region of Piedmont and has invited farmers, whose crops were destroyed by storms, to submit claims for compensation. Other regions in Italy are expected to follow suit. In consequence, world supplies are expected to decrease notably in 2002 providing the United States an opportunity to substantially increase exports of processed tomato products. In calendar year 2001, the United States exported 295,000 tons of processed tomato products with a value of approximately $227 million.

ITC Schedules Injury Hearing on Fresh Tomatoes from Mexico for December 16

On September 5, 2002, the U.S. International Trade Commission (ITC) published in the Federal Register a notice on the scheduling of the final phase of an antidumping investigation under section 735 (b) of the Tariff act of 1930 to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value on imports of fresh tomatoes from Mexico. The ITC will hold a hearing on this issue on December 16, 2002. On July 30, 2002, the Department of Commerce terminated the suspension agreement and sunset review process as well, on fresh tomatoes from Mexico and resumed the antidumping

Investigation. This action was in response to a written notification received on May 31, 2002, from Mexican tomato growers and exporters announcing that they had decided to withdraw from the agreement established in 1996. This notification reactivated the antidumping investigation from the time of the preliminary determination, originally published on November 1, 1996. In calendar year 2001, U.S. imports of fresh tomatoes from Mexico were valued at about $485 million.

Initial Estimate of California's 2002/03 Navel Crop Shows Significant Increase

On September 12, 2002, the National Agricultural Statistics Service (NASS) released its first estimate of the 2002/03 California navel crop. Navel production in California during 2002/03 is estimated at 1.5 million tons, 18 percent higher than the 1.3-million-ton level of the previous year. Fruit set is significantly above last year, and according to NASS, the highest set since 1992. However, the fruit size is small. The majority of the oranges that the United States exports are navel oranges from California. During the current marketing year, November-June 2001/02, U.S. exports of oranges totaled 447,367 metric tons, down 12 percent from the previous year. Canada, Korea, Japan, Hong Kong, and China are the United States largest markets for oranges accounting for 87 percent of the November-June 2001/02 total.

Florida Citrus Growers File Lawsuit Against State and Florida Department of Citrus (FDOC)

On September 12, 2002, a group of Florida citrus growers filed a lawsuit in Leon County Circuit Court against the State of Florida and the FDOC seeking to declare unconstitutional a tax they pay on each box of fruit they produce for juice products. The tax is used to support state-sponsored generic and brand-name advertising campaigns for orange and grapefruit products. The suit alleges violation of freedom of speech. The growers argue that the advertising directly benefits the brand owners and retailers but not the growers. They also state that the generic advertising benefits imported citrus at least as much as it benefits Florida citrus. The growers are asking the court to strike down the tax and refund their portion of taxes paid for the states' citrus advertising and marketing for the last three years.

China joins the International Organization of the Vine and Wine (OIV)

On September 11, 2002, in Yantai, eastern China's Shandong Province (one of the largest ports of entry for U.S. wine in China), the OIV, an intergovernmental organization concerned with the scientific and technical aspects of wine, and China Vintage Industry Association officials signed a memorandum admitting China into the OIV. This action may hurt exports of New World (non-European) wines to China if China adopts OIV wine standards, which are more restrictive than U.S. and other New World wine regulations. This new relationship could also make Chinese wines more competitive on the world market. In December of 2000, the United States formally withdrew from the OIV due to concerns that the OIV was striving to become the world standard-setting body for wine and that membership no longer advanced the position of the U.S. industry. According to an Agricultural Counselor report, China is increasing research and innovation expenditures on the grape growing industry. Last year, U.S. wine exports to China were valued at $2.6 million. Wine exports for the first half of this year are down 8 percent from a year ago.